



*Fritz, Jr. - FYI*

September 3, 1999

**VIA OVERNIGHT COURIER**

TRINITY MILLS-MIDWAY PARTNERS, LTD.  
c/o Fritz Duda Company  
13355 Noel Road, LB3, #1315  
Dallas, TX 75240

Attn: Mr. Patrick H. Edgerton

Re: Ground Lease dated March 1, 1995, Golf Center, 538 Golden Bear Drive,  
Family Golf Centers, Inc., Carrollton, TX 75006

Ladies and Gentlemen:

In response to your letter dated August 27, 1999 to Golden Bear Golf Center, Inc, we disagree with your claim that Tenant is in default under the Ground Lease. Specifically,

- 1) The completion of the irrigation project, which has been contracted out to Carson Jones, will be completed by September 30, 1999. Until this time, we are manually turning on the irrigation in compliance with the restrictions imposed by the City of Carrollton water plan. This plan only allows us to water Tuesday, Thursday, and Saturdays. In addition, a portion of our property on the South-East corner was dug up by a utility company and has not been satisfactorily replaced by the utility company. As a result, we are unable to mow this section at this time due to the numerous rocks and debris left by the utility company.
- 2) We have moved all of the equipment to behind the maintenance shed that was built by the original owners, so that they are out of sight from the other tenants. We have reached agreement with a corporation, Crown Fence, who will be building a 30 x 30 fenced in area to store sand. This fenced in area will be completed by September 15, 1999.
- 3) The dry condition of the driving range improvements, landing area and landscaping is due to the lack of rainfall in the Dallas area during the last 90 days. We have been watering daily and will begin to fertilize once the weathermen forecast some precipitation in September. In addition, we plan to increase our rye seed program to include the entire landing area in late October.



As you can see, we are currently addressing the matters raised in your August 27, 1999 letter. We continue to be very proud of this facility which recently received an award as one of the "100 Best" in the country.

If you have any questions, please contact Tom Morehart (512) 635-3694 or Brad Underwood (972) 733-4111.

Very truly yours,

Keith F. Maxfield  
Senior Real Estate Counsel

cc: Bill Shickler  
Don Holmstrom  
Brad Underwood  
Tom Morehart  
Pamela S. Charles



November 10, 1999

Mr. Fritz Duda  
Trinity Mills-Midway Partners, Ltd.  
c/o Fritz Duda Co.  
One Galleria Tower  
13355 Noel Road, LB3  
Suite 1315  
Dallas, Texas, 75240-6603

VIA FACSIMILE: 972-991-5184

Re: Ground lease dated March 1, 1995 (the "Ground Lease"), by and between Trinity Mills-Midway Partners, Ltd., a Texas limited partnership, as Landlord, and Dallas Highlander, Ltd., a Texas limited partnership now known as Highlander-Bear, Ltd., as Tenant, as amended by that certain First Amendment to Ground Lease and Assignment of Tenant's Interest in Ground Lease and landlord Estoppel dated September 13, 1996 (the "First Amendment"), by and among Landlord, Tenant as Assignor, and Golden Bear Golf Centers, Inc., a Florida corporation, as Assignee

- Dear Mr. Duda,

Thank-you for taking time from your schedule to meet with me and Bill Leatherberry to allow us to understand your concerns regarding the lease assignment. Further to our meeting, I believe we can bring forward information that will alleviate your concerns and provide you the comfort that you seek.

The four issues as we discussed are:

1. Deferred maintenance
2. Ongoing maintenance
3. Irrigation system concerns
4. Retail sales, revenue generation

I will address each of these issues in more detail below.

1. **Deferred maintenance:** As we discussed yesterday, we have been addressing each item on the deficiency list you provided us in early October. Some of the items have been completed and the major items have been bid out. We received today a firm proposal to complete the balance of the issues. Regarding the plants, etc. we have a firm bid in hand to rectify all issues outlined by your landscape company. Family Golf has committed to fix all of the items outlined on your detailed lists. The contractors bid is for approximately \$24,000 including two new doors. The landscape bid is for approximately \$11,000 and we have approved the completion of the fence and pad for the maintenance area for a further \$8,000. The approximate total, not including our staff time to finish the other items is roughly \$43,000, below the allotted \$50,000 we have allowed for. You have now seen the purchase agreement that clearly states to the extent the work is not complete by closing, there will be an escrow set aside to finish the work and Golfcraft is bound to complete the work. I trust this alleviates your concern.
2. **Ongoing maintenance:** In the information provided to you by Golfcraft it is noted that their operator will be Prime Golf Group. Prime currently operates five golf courses that all meet stringent maintenance standards. Prime is prepared to meet with you and Jim to discuss their maintenance criteria and standards. They will also be reviewing the budgeted allowances to ensure the facility is maintained in accordance with the provisions of the lease, which are very detailed and very stringent already. The current lease provisions provide you with a significant ability to ensure the facility is maintained accordingly. A key point also is that Prime will be a local operator whereas both Golden Bear and Family Golf were headquartered far from Dallas. I believe once you have had an opportunity to review the information provided by Prime and given your current lease provisions, this will provide you comfort on an ongoing maintenance basis.
3. **Irrigation System:** In conversation with Brad Underwood, he assured me the last remaining heads that primarily water the berms will be hooked into the automatic system by Carston Jones in the next couple of weeks. It is Brad's understanding that once that is complete the system will be fully operational. Brad did indicate that the system had a failure this summer for some 4-6 weeks before we were able to fix it that contributed greatly to the condition of the landing area. If you can provide me with a name of an irrigation consultant to review the entire system and make whatever recommendations are necessary to ensure full capability, I would be glad to have them review it look at their recommendations. Pending our review of the recommendations, we would commit to implementing them immediately. Please provide me a name tomorrow that we can contact and have on site before the weekend.

4. **Retail sales, revenue generation:** This is an issue that I believe is best addressed between Golfcraft and yourself. It is unfortunate that you were misinformed as to Golfcraft's intentions regarding retail. Golfcraft clearly intends to offer retail at all of the facilities in a cost effective, profitable manner. We have discussed the inventory levels, etc. that would be requisite to achieve results consistent with past performance and they are reviewing that. They also indicated they are looking to create a food and beverage area to help grow and support the minigolf and provide an additional amenity to customers which will also generate incremental revenue growth that you will benefit from. In terms of retail sales the past three years, the facility achieved \$537,000 in 1997, \$521,000 in 1998 and is over \$400,000 year to date in 1999. With a decent Christmas season should approach the upper \$400's. This is not terrible performance given the events of the past 12-18 months. A key issue in my mind however, is the intent of the original lease, which gave you no rights as landlord to invoke requirements for retail or other operating issues. In fact, the lease clearly indicates that if they so decided, Golfcraft or Family Golf or whomever, could subcontract the retail without seeking your consent. How we get you comfortable on this issue is unclear to me. It was unfortunate you were misinformed to begin with. For what it is worth, I believe pursuing this issue further would diminish the ability for the site to reach its true potential. It would also jeopardize the transaction at hand such that you may end up in a situation where Golfcraft elects to peel this site out of the deal and Family Golf is left as your operator with a single stand alone site in Texas, to which you have not been happy with the past year. Golfcraft has evidenced it is committed to retail as well as enhancing other revenue streams. Golfcraft will be a local operator that is well capitalized and focused on being successful in their own backyard.

As far as other items we discussed yesterday, I think it is important to point out a couple of other matters. Gross site revenues for the current year are in excess of \$1 million as of November 7. The site will likely end up around \$1,150 to 1.2 million. At the \$1,150,000 level, it will be only off from 1998 revenues by around \$100,000 or less than 10% and off \$150,000 from 1997. While it is not a great trend, given the challenges the past year, weather, irrigation systems, new competition, and other working capital constraints, the site performed okay. A local, experienced, focused management team should be able to achieve a better return which results in a properly maintained facility that can provide the amenities you are seeking to provide for your larger development as well as provide you upside on your lease.

Given the time constraints we discussed yesterday, I would appreciate any comments or questions you have by Friday. If you have any questions, please call me at 604-523-2987.

Sincerely,  
Family Golf Centers, Inc.

Don Holmstrom CA  
Vice-president Corporate Development



November 18, 1999

Mr. Fritz Duda  
Trinity Mills-Midway Partners, Ltd.  
c/o Fritz Duda Co.  
One Galleria Tower  
13355 Noel Road, LB3  
Suite 1315  
Dallas, Texas, 75240-6603

VIA FACSIMILE: 972-991-5184

Re: Ground lease dated March 1, 1995 (the "Ground Lease"), by and between Trinity Mills-Midway Partners, Ltd., a Texas limited partnership, as Landlord, and Dallas Highlander, Ltd., a Texas limited partnership now known as Highlander-Bear, Ltd., as Tenant, as amended by that certain First Amendment to Ground Lease and Assignment of Tenant's Interest in Ground Lease and landlord Estoppel dated September 13, 1996 (the "First Amendment"), by and among Landlord, Tenant as Assignor, and Golden Bear Golf Centers, Inc., a Florida corporation, as Assignee

Dear Mr. Duda,

Thank-you for your response of November 17. In response to your letter, in similar order:

1. Deferred Maintenance: Attached are copies of your original list indicating those items that have been completed by on site personnel. In addition, also attached are contractors bids to complete the balance of your original list and a bid from a landscape company to address all of the landscape items. Regarding timeframe, we anticipate the work would begin immediately and take whatever time necessary to complete the work in a first class manner. This timeframe extends past the expected closing date, however, as you have seen in the purchase documents, Golfcraft is obligated to complete the work and funds will be escrowed at closing to ensure it is completed.
2. Ongoing Maintenance: I will have Golfcraft provide you with your requested information. However, in interest of time, I would propose you meet with both Golfcraft and Prime Golf to have any further inquiries you have handled accordingly.

3. Irrigation System: We will wait until the consultant has the ability to advise both of us accordingly. What I do not understand is why new areas of concern are now being raised. When we met in Dallas, I recall you indicating the practice areas and mini golf areas were adequately serviced by the irrigation system. Hopefully the consultant will clarify this issue for both parties so we can move on.
4. Retail Sales Revenue Generation: In interests of time, I would strongly recommend you meet with Golfcraft and Prime Golf to obtain an understanding of their collective approach to retail. In order to help move this along, assurance that the retail will be run in a quality fashion is by default defined in the strict requirements of the lease that state the entire operation needs to be run in a first class manner. I am still unsure what else you are looking for in terms of a "mechanism" to provide you additional comfort.

Regarding the options for renewal, it is my understanding that the first lease amendment clearly states on Page 10, Section D, 3 (ii) the lease options were assigned at that time. I quote; "accept the assignment of the Lease pursuant to Section B hereof, including, without limitation and notwithstanding the provisions of Section 4.3(c) of the Lease to the contrary, the assignment of Assignor's right to extend the Term of the Lease, as amended by the Amendment, pursuant to the terms of Section 4.3 of the Lease...". We believe this should not be an issue.

As you know, we are scheduled to close this transaction next week. We would like to be able to close all aspects at that time. Your consent is the last significant remaining issue and both parties would like to resolve it accordingly. I believe we have answered all of your queries short of your meeting once again with Golfcraft and meeting also with Prime Golf.

Let me know how you would like to proceed from here. I can be reached at 604-523-2987. Thank-you for your prompt attention to this matter.

Sincerely,  
Family Golf Centers, Inc.



Don Holmstrom CA  
Vice-president Corporate Development



# JAMES KEAHEY

Nov. 15, 1998

To: Golden Bear Golf Center  
Garrettsville, Texas

From: James Keahey  
1150 Meredith Ln. #1124  
Plano, Texas 75093

## Proposal

### Main Building- Exterior

Replace one 40' metal hand rail

Caulk and repaint all window sills, wood columns and wood rails.

West Gate- Replace with one metal frame single gate.

### Maintenance Garage

Repair holes in sheetrock with plywood panels and paint

Repair overhead door

### Tee Line Building

Replace damaged and rotted wood trim and paint.

Repaint all walls, walls, ceiling, soffits and columns.

Replace one upper section of one 4x5 window.

### Main Building- Interior

Repair texture at two a/c grills in clearstory area and cracks at entry coffit.

Repaint walls and ceiling up to offset in clearstory.

Clean and repaint a/c grill- West wall

### Mens Restroom

Replace counter top

Replace mirror

### Womens Restroom

Replace counter top

Replace mirror

Replace vinyl wallcovering

**# 2930**  
**Doors**  
Doors- Replace front and rear doors with twin 3x7 metal doors in existing frames. Doors to have one large glass insert, reuse hardware and locks.

Customer to have all merchandise moved for access for painting.

All change orders to be bid or at cost plus 20%.

**\$23,900 TOTAL**

A.A. BRACC COMPANY

3216 Commander Dr., Suite 109  
Carrollton, TX 75006  
872-831-0527, fax 872-268-2822

**GOLDEN BEAR GOLF CENTER  
CARROLLTON, TX**

**BIDS TO BE  
RECEIVED TUESDAY NOV. 9TH  
FROM CONTRACTORS TO DO ALL  
WORK DENOTED BELOW.**

Exterior of Building

Our  
Share  
of  
work  
on  
this  
project  
is  
to  
be  
done  
by  
the  
contractor  
on  
this  
project.

1. East side of building - wood fence gate needs to be repaired - broken slates - level gate. BID
2. Steel handrail for Handicapped - needs to be repainted. (DONE)
3. Front entry handrail - West side of steps - needs to be re-installed. BID *(3 PRICES IN HOUSE STUFF)*
4. All wood window sills need to be repainted. BID
5. All exterior wood rails need to be repainted. BID
6. All wood columns need to be re-caulked and repainted. BID
7. West side of building - need to replace Garage wood gates. \$700- BID
8. Repair curb at gate. ?
9. Repair and repaint Garage door. \$500- BID
10. Repair sheet rock in Garage around electrical panels.
11. Repaint Garage.
12. General note: repair all sheet rock in Garage.
13. West side driving range or tee line - replace rotting wood material - check for termites, then repair and repaint.
14. Tee line courtyard or vestibule - repaint and repair hole in soffit.
15. General note: repair and replace all rotting wood or warped wood - repaint entire tee line, all walls and ceiling or soffit columns.
16. East side of building - caulk and repaint columns and sills.
17. East side of tee line - replace all rotten wood and repaint all surfaces.
18. Replace window unit on East side - 6" unit from East end. \$150 BID
19. Southeast corner of tee line at header - replace all rotten wood and repaint. \$500 BID

\$750  
BID

20. Northwest corner of tee line at header - replace all rotten wood and repaint.  $\rightarrow \$500 = \text{BID}$
21. Install gate on trash bin enclosure. Original owners built this enclosure and never had a gate. 700.00?

### Interior of Building

1. Cash counter, West wall - repaint w/c grill.  $\rightarrow \text{BID}$
2. Clear story - repair and repaint all damaged walls.  $\rightarrow \text{BID}$
3. Replace all damaged ceiling tiles.  $\text{ID PROCESS BY FRIDAY}$
4. General note: repaint interior of building. Most of building is slat wall - rest of interior could be painted.
5. Interior entry soffit - repair all drywall ceiling soffit.
- our stuff by 12/31/89  $\rightarrow \text{BID}$

### Men's Restroom

- ? 1. Replace mirror - mirror is not broken - will price out new mirrors?

### Women's Restroom

1. Replace vinyl wall covering - \$500 BID
2. Replace mirror. - DO NOT feel this needs to be done
3. Replace counter top. - DO NOT feel this needs to be done  $\rightarrow \text{BID}$
4. Adjust exhaust fan. ? DONE ✓
- our stuff by 12/31/89  $\rightarrow \text{BID}$

### Parking Lot

1. Repair and re-stripe asphalt parking lot.

Getting Quotes on -  
Re-striping = \$500.00

BID  
SEPARATE  
ESTIMATE

Note: The substantial level of maintenance and repair is prevalent with respect to most areas of

Oct-18-99 02:05A Garden Design Group

9722431767

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1 345 W. 17th St.  
 Suite 200  
 Dallas, TX 75201  
 (214) 341-0501  
 1 4055 E. 23rd St.



Garden Design

Date October 18, 1999  
 Mr. Brad Underwood  
 Nicklaus Flock  
 2538 Golden Bear Drive  
 Carrollton, Texas 75006

Via Fax (972) 407-9894

## LANDSCAPE ESTIMATE

Dear Brad:

Per our conversation, the following is a list of material costs that we looked at for you.  
 If you have any questions, please don't hesitate to contact me.

QTY	NAME	SIZE	U/P	EST
4	Leyland Cypress	6' 8"	\$ 360.00	\$ 1,440.00
1	Tree Pruning	Total Job	\$ 1,200.00	\$ 1,200.00
2	Red Oaks	8" cal.	\$ 2,000.00	\$ 4,000.00
1	Var. Juniper	4' 5" in.	\$ 120.00	\$ 120.00
1	Southern Wax Myrtle	30 gals.	\$ 200.00	\$ 200.00
12	Indian Hawthorne	5 gals.	\$ 16.60	\$ 216.00
	(Change from Mogo Pine)			
8	Spirea	5 gals.	\$ 18.00	\$ 144.00
8	Yaupon	5 gals.	\$ 20.00	\$ 160.00
1	Red Red	45 gals.	\$ 480.00	\$ 480.00
9	Floagave	5 gals.	\$ 18.00	\$ 162.00
33	Dwarf Burford Holly	5 gals.	\$ 18.00	\$ 594.00
	Southside of parking area			
2	Hardwood Mulch	cu. yd.	\$ 40.00	\$ 80.00
1	Env. Impact Fee	each	\$ 405.00	\$ 405.00

Subtotal \$ 5,946.00

Tax \$ 594.60

Total \$ 6,540.60

Price includes removal and replacement of dead material. GD Commercial Landscaping will not be held responsible for damage to turf, underground utilities or sprinkler system. Warranty: All material will be warranted. Trees - 3" cal. or larger, 1 year, all others 90 days.

TOTAL  
 10,387.07

Oct-18-99 02:07A Garden Design Group

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18/28/1999 13:03  
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Page 2:

Warranty begins from date of billing. Loss of material due to owner neglect, vandalism, theft or Acts of GOD are not covered.

We appreciate the opportunity of bidding for your project and hope to work with you.

Respectfully,

Andrew R. Haynes  
GD Commercial Landscaping, Inc.

GD Commercial Landscaping  
2111 North Central Ave.